

## Message Text

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46

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 COME-00 AID-05 CIAE-00 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 /043 W  
----- 092898

R 110834Z APR 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 2142

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E.O. 11652: N/A

TAGS: ECON, RP

SUBJECT: LUZON STEVEDORING SALE

1. FINAL SALE OF LUZON STEVEDORING CORPORATION WAS ACCOMPLISHED APRIL 7, WITH PNOC CHAIRMAN VELASCO REPRESENTING THE GOVERNMENT BUYERS.

2. UNDER THE DEAL WORKED OUT AFTER MORE THAN TWO YEARS OF BARGAINING, 3,005,790 SHARES OF THE FIRM, REPRESENTING 99.8 PERCENT OF THE STOCK WERE ACQUIRED BY PNOC (69.8 PERCENT) AND BY THE LAND BANK (30 PERCENT) WITH THE PHILIPPINE NATIONAL BANK FOOTING THE BILL.

3. THE TRANSACTION WAS ACCOMPLISHED AT 87.43/SHARE FOR A TOTAL COST OF 262.8 MILLION (\$37.5 MILLION). THE SHARE PRICE REFLECTED COSTS OF SHARES PLUS INTEREST ON LOANS USED TO ACQUIRE THEM. THIS RATE OF SHARE PAYMENT ALSO EXTENDED TO SHARES ACQUIRED IN A SIZABLE STOCK DIVIDEND (ABOUT 500,000 SHARES) ISSUED LAST YEAR. PRICE WAS NET OF ANY REVALUATIONS DUE TO RISING REPLACEMENT COSTS FOLLOWING THE ENERGY CRISIS. PAYMENT WAS MADE IN CASH. FORMER OWNERS ARGUE THAT PRICE EVEN IN CASH, DOES NOT COMPENSATE FOR CURRENT REAL MARKET VALUE OF ASSET. GOVERNMENT TECHNICIANS WHO REVIEWED DEAL (PATERNO AND VIRATA) STATE PRICE LIMITED OFFICIAL USE

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WAS A FAIR APPRAISAL OF COST MAINTENANCE AND REFLOWING

OF PROFITS, EVEN IF LOW AS AN APPRAISAL OF NEWLY APPRECIATED  
REPLACEMENT COSTS.  
SULLIVAN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 APR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** RowellE0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975MANILA04561  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750127-0420  
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**Line Count:** 64  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** RowellE0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 JUL 2003  
**Review Event:**  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LUZON STEVEDORING SALE  
**TAGS:** ECON, RP, LUZON STEVEDORING CORPORATION  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006